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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric
Company
☒ Affects both Debtors

** All papers shall be filed in the Lead
Case, No. 19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**EX PARTE APPLICATION FOR ORDER
PURSUANT TO L.B.R. 9013-1(c)
AUTHORIZING OVERSIZE BRIEFING FOR
DEBTORS' MOTION FOR ENTRY OF
ORDERS (I) APPROVING TERMS OF, AND
DEBTORS' ENTRY INTO AND
PERFORMANCE UNDER, EXIT FINANCING
COMMITMENT LETTERS AND (II)
AUTHORIZING INCURRENCE, PAYMENT
AND ALLOWANCE OF RELATED FEES
AND/OR PREMIUMS, INDEMNITIES,
COSTS AND EXPENSES AS
ADMINISTRATIVE EXPENSE CLAIMS**

[No hearing requested]

1 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the
2 “**Utility**”), as debtors and debtors in possession (collectively, “**PG&E**” or the “**Debtors**”) in the
3 above-captioned chapter 11 cases (the “**Chapter 11 Cases**”), hereby submit this *Ex Parte*
4 Application (the “**Application**”), pursuant to Rule 9013-1(c) of the Bankruptcy Local Rules for the
5 United States District Court for the Northern District of California (the “**Bankruptcy Local**
6 **Rules**”), for an order authorizing the Debtors to file an oversize brief in connection with the
7 *Debtors’ Motion for Entry of Orders (i) Approving Terms of, and Debtors’ Entry into and*
8 *Performance Under, Exit Financing Commitment Letters and (ii) Authorizing Incurrence, Payment*
9 *and Allowance of Related Fees and/or Premiums, Indemnities, Costs and Expenses as*
10 *Administrative Expense Claims* (the “**Motion**”)¹, which the Debtors filed on the date hereof.

11 **MEMORANDUM OF POINTS AND AUTHORITIES**

12 **I. JURISDICTION**

13 The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and
14 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General
15 Order 24 (N.D. Cal.), and Bankruptcy Local Rule 5011-1(a). This is a core proceeding pursuant to
16 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

17 **II. BACKGROUND**

18 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court
19 voluntary cases under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their
20 businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and
21 1108 of the Bankruptcy Code. The Debtors’ Chapter 11 Cases are being jointly administered for
22 procedural purposes only pursuant to Bankruptcy Rule 1015(b).

23 On February 12, 2019, the United States Trustee (the “**U.S. Trustee**”) appointed an
24 Official Committee of Unsecured Creditors (the “**Creditors Committee**”). On February 15, 2019,
25 the U.S. Trustee appointed an Official Committee of Tort Claimants (the “**Tort Claimants**
26 **Committee**”).

27 ¹ Capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.
28

1 Additional information regarding the circumstances leading to the commencement
2 of the Chapter 11 Cases and information regarding the Debtors' businesses and capital structure is
3 set forth in the *Amended Declaration of Jason P. Wells in Support of the First Day Motions and*
4 *Related Relief* [Docket No. 263].

5 On September 9, 2019, the Debtors filed their initial Joint Chapter 11 Plan of Reorganization
6 [Docket No. 3841] (as amended, supplemented or otherwise modified from time to time, the "**Plan**").
7 The Plan, which was subsequently amended to reflect an \$11 billion settlement with holders of
8 subrogation claims [Docket No. 3966], is designed to (a) pay all prepetition wildfire claims in full, (b)
9 achieve a rate-neutral solution, on average, for customers, (c) meet the June 30, 2020 deadline for Plan
10 confirmation established by California Assembly Bill 1054 ("**AB 1054**"), (d) obtain all necessary
11 regulatory approvals, (e) support California's clean energy goals and (f) ensure that the reorganized
12 Debtors have sufficient liquidity upon emergence to continue providing safe, clean and reliable
13 electricity and natural gas to California residents.

14 In order to satisfy those objectives, the Debtors must have sufficient financing to consummate
15 the Plan. The Plan contemplates multiple sources of funding, the foundations of which are the issuance
16 of \$14 billion in reorganized PG&E Corp. common stock ("**New PG&E Corp. Common Stock**"), to
17 be used to fund payments under the Plan to wildfire victims, and the incurrence of \$34.35 billion in
18 senior debt obligations (the "**New Debt**"), to, among other things, refinance pre-petition high-coupon
19 Utility bonds and fund the payment in full, in cash, of the Debtors' obligations under their debtor-in-
20 possession financing facilities.

21 Given the importance of such financing, the Debtors, in the exercise of their business judgment,
22 have obtained equity and debt financing commitments to provide assurances that they will have access
23 to sufficient capital on the effective date of the Plan. Under the equity commitment letters entered
24 into by PG&E Corp. on September 30, 2019 (each in substantially the form attached to the Motion as
25 **Exhibit C**, the "**Equity Backstop Commitment Letters**"), the parties identified on **Exhibit D** to the
26 Motion (the "**Equity Backstop Parties**") have severally committed to purchase up to \$14 billion in
27 shares of New PG&E Corp. Common Stock on the Effective Date. Under the bridge commitment
28 letters entered into by PG&E Corp. and the Utility on October 11, 2019 (the "**Bridge Commitment**

1 **Letters**)², certain money center banks (the “**Initial Bridge Commitment Parties**”) have agreed to
2 backstop the New Debt incurrences contemplated by the Plan. In addition, the Debtors have entered
3 into fee letters (the “**Bridge Fee Letters**”), which provide for the payment of certain fees associated
4 with the Bridge Commitment Letters, and engagement letters (the “**Debt Financing Engagement**
5 **Letters**”) ³, which engage the same banks to arrange the New Debt. The Debtors anticipate effecting
6 the equity and debt issuances contemplated by the Plan through market transactions in order to obtain
7 the most favorable pricing and other terms. However, the Debtors have obtained the “backstop”
8 commitments for the sake of certainty that sufficient funds will be available on the Effective Date even
9 if market conditions deteriorate.

10 The Exit Financing Commitment Letters benefit the estates by providing assurances of
11 the Debtors’ ability to fund the distributions contemplated by the Plan and the Debtors’ emergence
12 from the Chapter 11 Cases. By the Motion, the Debtors seek approval of the terms of these Exit
13 Financing Commitment Letters and authority to incur the obligations set forth therein.

14 **III. OVERSIZE BRIEFING FOR THE MOTION IS WARRANTED**

15 Bankruptcy Local Rule 9013-1(c) provides that, “[u]nless the Court expressly orders
16 otherwise, the initial and response memoranda of points and authorities shall not exceed 25 pages of
17 text, and reply memorandum shall not exceed 15 pages of text.” B.L.R. 9013-1(c).

18 The Debtors submit that sufficient cause exists for the Court to allow oversize briefing
19 for the Motion. The Motion seeks essential relief that, if granted, would facilitate the Debtors’ Plan
20 of Reorganization. The Equity Backstop Commitment Letters and the Bridge Commitment Letters
21 are included as exhibits to the Motion, but the Debtors included a summary of certain of their key
22 terms and provisions in the body of the Motion itself for ease of reference and clarity. This summary
23

24 ² The Bridge Commitment Letters entered into by PG&E Corp. and the Utility are attached to
25 the Motion as **Exhibit E** and **Exhibit F**, respectively.

26 ³ The Debt Financing Engagement Letters, the Bridge Commitment Letters and the Bridge Fee
27 Letters are referred to in this Application as the “**Debt Financing Commitment Letters**” and,
28 together with the Equity Backstop Commitment Letters, are referred to in this Application as the
“**Exit Financing Commitment Letters**”.

1 causes the memoranda of points and authorities to exceed 25 pages of text. The documents themselves
2 are complex, and the Debtors submit that the summary describing the key terms of the Exit Financing
3 Commitment Letters contained in the body of the Motion is necessary to adequately inform the Court
4 and parties in interest of the relief requested in the Motion.

5 Accordingly, the Debtors believe it is appropriate to request authority for the Motion
6 to exceed the 25 pages allowed under Bankruptcy Local Rule 9013-1(c).

7 **IV. NOTICE**

8 Notice of this Application will be provided to (i) the Office of the United States Trustee
9 for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.); (ii) counsel to the Creditors
10 Committee; (iii) counsel to the Tort Claimants Committee; (iv) the Securities and Exchange
11 Commission; (v) the Internal Revenue Service; (vi) the Office of the California Attorney General; (vii)
12 the California Public Utilities Commission; (viii) the Nuclear Regulatory Commission; (ix) the Federal
13 Energy Regulatory Commission; (x) the Office of the United States Attorney for the Northern District
14 of California; (xi) counsel for the agent under the Debtors' debtor in possession financing facility; (xii)
15 counsel for the Equity Backstop Parties; (xiii) counsel for the Initial Bridge Commitment Parties; and
16 (xiv) those persons who have formally appeared in these Chapter 11 Cases and requested service
17 pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that no further notice is required.

18 No previous request for the relief sought herein has been made by the Debtors to this
19 or any other court.

20 *[Signature on next page]*
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1 **WHEREFORE**, the Debtors respectfully request entry of an order authorizing the
2 Debtors to file the Motion to exceed 25 pages, but not to exceed 35 pages (exclusive of any schedules
3 or exhibits thereto and/or any declarations filed in connection therewith), and such other and further
4 relief as the Court may deem just and appropriate.

5
6 Dated: October 23, 2019

7 **WEIL, GOTSHAL & MANGES LLP**
8 **CRAVATH, SWAINE & MOORE LLP**
9 **KELLER & BENVENUTTI LLP**

10 /s/ Paul H. Zumbro

11 Paul H. Zumbro

12 *Attorneys for Debtors and Debtors in Possession*
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